

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 16, 2003**

AGENDA ITEM NO.: 2

CONSENT: **X**

REGULAR:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Resolution Approval for Framatome, ANP Expansion**

RECOMMENDATION:

Approve a resolution appropriating \$150,000 from the FY 2004 General Fund Budget to the Office of Economic Development for the capital expansion of Framatome, ANP.

SUMMARY:

An application for the Governor's Opportunity Fund in the amount of \$150,000 to provide an incentive for Framatome to expand its operations in the City was submitted to the State in April 2003. The application was approved in May 2003 and the funds were submitted to the City in November 2003.

PRIOR ACTION(S): Finance Committee, December 2, 2003

FISCAL IMPACT:

None. The \$150,000 was given to the City by the State to be used as an incentive for the Company to expand its operations in Lynchburg.

CONTACT(S):

Ed Miller – 847.1732

ATTACHMENT(S):

- 1) Approval Letter
- 2) Performance Agreement
- 3) Resolution

REVIEWED BY: lkp

Resolution

BE IT RESOLVED that the FY 2004 General Fund Budget is amended and \$150,000 is appropriated to the Office of Economic Development fully reimbursable from the Commonwealth of Virginia Governor's Opportunity Fund for the expansion of Framatome, ANP.

Introduced:

Adopted:

Certified:

Clerk of Council

203L

May 21, 2003

Mr. L. Kimball Payne
City Manager
City of Lynchburg
City Hall
Lynchburg, Virginia 24505

RECEIVED
MAY 23 2003
CITY MANAGER
OFFICE

Dear Kim:

We are in receipt of the approval letter from Secretary Schewel regarding the \$150,000 grant from the Governor's Opportunity Fund to be used for Framatome ANP.

Enclosed are the procedures for requesting payment, as well as a sample letter to be used when doing so. Also enclosed is a sample performance agreement for your use in developing this document between the company and the locality. Please note that it normally takes four to six weeks to process payment requests. The audit requirements for the Governor's Opportunity Fund are also included.

If you have any questions, please feel free to contact me.

Sincerely,

Mark

Mark R. Kilduff
Executive Director

/kme

Enclosures

PERFORMANCE AGREEMENT

This Performance Agreement made and entered this 24th day of JUNE, 2003, by and between the CITY OF LYNCHBURG, VIRGINIA, a municipal corporation, hereinafter called "CITY" and FRAMATOME ANP, Inc., a Delaware corporation, hereinafter called "COMPANY."

WITNESSETH:

That whereas the CITY has received a grant of and expects to receive the sum of \$150,000.00 from the Governor's Opportunity Fund through the Virginia Economic Development Partnership for the purpose of inducing the Company to locate in the CITY OF LYNCHBURG, VIRGINIA, build a facility, and employ a significant number of persons, and

Whereas the CITY is willing to provide the funds to the Company provided the Company meets certain criteria relating to employment projections and capital investment, and

Whereas the CITY is required to return all or a portion of the funds so received to the Commonwealth of Virginia if the performance criteria of the Company are not met,

Now the parties hereto, in consideration of the foregoing, and the disbursement of funds, hereafter provided, agree as follows:

1. The CITY will disburse the entire amount of funds provided to it from the Governor's Opportunity Fund, expected to be the sum of \$150,000.00, to the Company to be used by the Company in the preparation of the site upon which the Company shall construct and operate a facility in the CITY OF LYNCHBURG, VIRGINIA.

2. The Company will construct and operate a facility on the site in the CITY OF LYNCHBURG, VIRGINIA, with an investment of at least \$12,000,000.00 in improvements, machinery, and equipment, and will create 200 jobs at said facility, all over a 30-month time period measured from the date the funds from the Governor's Opportunity Fund are received by the Company.

3. If the Company does not meet 90 percent of its capital investment and new jobs commitment set forth in paragraph 2 above, the Company shall repay to the CITY that part of the Governor's Opportunity Fund grant that is proportional to the shortfall, as provided by the following example:

The grant of \$150,000.00 is considered to be \$75,000.00 for the capital investment commitment by the Company and \$75,000.00 for the employment commitment. If, after 30 months the capital investment of the Company is at least \$10,800,000.00 and the number of new jobs created by Company is at least 180, no refund is required. If, after 30 months the capital investment is only \$6,000,000.00, and the new jobs created is 146, the Company shall refund to the CITY 50 percent of the fund related to capital investment; i.e., the sum of \$37,500.00 and 33 percent of the fund related to job creation; i.e., the sum of \$24,750.00.

Any refunds by the Company to the CITY hereunder shall be repaid by the CITY to the Governor's Opportunity Fund.

4. If the Company has met 90 percent of the investment and employment goals set forth in paragraph 3 hereof within the 30-month period, then and thereafter the Company is no longer obligated to repay any portion of the grant provided to it hereunder.

5. The Company agrees to provide the CITY and the Commonwealth whatever documentation may be required to verify the investment and employment figures

Witness the following signatures and seals the day and year first above written.

THE CITY OF LYNCHBURG, VIRGINIA

By Kimball Payne (Seal)
City Manager

Commonwealth of Virginia, at large

This day June 24, 2003, of the City of Lynchburg, Virginia, appeared before me, a notary public for the State of Virginia, at large, and did acknowledge his signature above fixed all in my state aforesaid.

My commission expires 4.30.04

Given under my hand this June 24 day of June, 2003.

Dyetta V. Campbell (Seal)
Notary Public
City of Lynchburg
Company

Framatome ANP, Inc.
Company

By Thomas A. Christopher (Seal)
Title

This day 27th, of June, appeared
before me, a notary public for the State of Virginia, at large, and did acknowledge his
signature above fixed all in my state aforesaid.

My commission expires April 30, 2006.

Given under my hand this 27th day of June, 2003.

Robin Nolle (Seal)
Notary Public